H 783-3

99TH CONGRESS
*1st Session*

HOUSE OF REPRESENTATIVES

REPORT
99-36

# FEDERAL SUPPLEMENTAL COMPENSATION

APRIL 2, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

# REPORT

[To accompany H.R. 1866]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1866) to phase out the Federal supplemental compensation program, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

I. Summary of Bill ..... 1
II. Explanation of Bill ..... 1
III. Budget Effects of the Bill ..... 2
IV. Other Matters Required to be Discussed Under the Rules of the House ..... 4
V. Changes in Existing Law Made by the Bill, as Reported ..... 4

## I. SUMMARY OF BILL

H.R. 1866 would allow individuals who receive Federal Supplemental Compensation (FSC) for the week of March 31, 1985 through April 6, 1985, the last week of the current program, to continue to receive the remainder of their FSC entitlement.

## II. EXPLANATION OF BILL

### PRESENT LAW

The Federal Supplemental Compensation (FSC) program provides 8, 10, 12, or 14 additional weeks of unemployment benefits to unemployed workers who have exhausted their regular State benefits and any Extended Benefits (EB) to which they were entitled (the permanent EB program provides 13 additional weeks of benefits

51-006 O

but is triggered on only in Alaska, West Virginia, Idaho, and Puerto Rico).

The number of weeks of FSC payable in a State is based on the State's insured unemployment rate (IUR), a measure of those people in the State claiming regular State unemployment benefits during the most recent 13 week period. States can qualify for the 14 or 12 week tier based on either their current IUR or their average IUR since January 1, 1982. Ten and 8 week tiers are based solely on the current IUR.

The last week for which FSC can be collected is the week ending on Saturday, April 6, 1985. There is no provision in current law for "phasing out" recipients. Benefits cease after the week ending April 6, 1985 regardless of the number of weeks an individual has collected his original entitlement. For the week of March 9, 1985, the most recent week for which data is available, there were 340,000 jobless workers receiving FSC benefits.

### H.R. 1866

Under the bill, FSC will be payable for weeks of unemployment beginning after April 6, 1985 only to those people who received FSC for the week of March 31, 1985 through April 6, 1985, the last week of the program under current law. Individuals who receive FSC for that week will be allowed to collect the remainder of their FSC entitlement. Their remaining weeks of benefits must be collected in consecutive weeks.

## III. Budget Effects of the Bill

### 1. COMMITTEE ESTIMATE

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made: the Committee agrees with the cost estimate prepared by the Congressional Budget Office which is included below.

### 2. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

With respect to clause 2(1)(3)(B) of rule XI of the Rules of the House, the Committee advises that the required information pertaining to new budget authority or new or increased tax expenditures, to the extent applicable to this bill, is contained in the Congressional Budget Office cost estimate below.

### 3. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 2(1)(3)(C) of rule XI, requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by the Congressional Budget Office is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, April 2, 1985.*

Hon. DAN ROSTENKOWSKI,
*Chairman, Committee on Ways and Means, U.S. House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 1866, a bill to phase out the Federal Supplemental Compensation program, as ordered reported by the House Committee on Ways and Means of April 2, 1985.

If you wish any further information of this estimate, we will be pleased to provide it.

With best wishes.

Sincerely,

JAMES BLUM,
(For Rudolph G. Penner).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE, APRIL 2, 1985.

1. Bill number: H.R. 1866.
2. Bill title: None.
3. Bill status: As ordered reported by the Committee on Ways and Means, April 2, 1985.
4. Bill purpose: A bill to phase out the Federal supplemental compensation program.
5. Estimated cost to the Federal Government:

[By Fiscal year, in millions of dollars]

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| Unemployment insurance: | | | | | | |
| Budget authority | 160 | | | | | |
| Outlays | 160 | | | | | |
| Food stamps and AFDC: | | | | | | |
| Budget authority | −10 | | | | | |
| Outlays | −10 | | | | | |
| Revenues | | 10 | | | | |
| Total: | | | | | | |
| Budget authority | 150 | | | | | |
| Outlays | 150 | | | | | |
| Revenues | | 10 | | | | |
| Net impact on the budget deficit | 150 | −10 | | | | |

Basis of estimate: This bill would extend unemployment insurance payments for recipients of Federal Supplemental Compensation (FSC) payments in the last week of the current program. The bill would allow these recipients to receive the weeks of benefits allowable under the expiring program.

The estimate assumes 340,000 recipients in the final week based on information from the Department of Labor. The estimate is based on the current State distribution of these recipients and an average weekly benefit of $120.

The AFDC and Food Stamp offsets are based on previous CBO studies of the receipt of AFDC and Food Stamps by unemployment insurance recipients.

The increase in tax revenue in fiscal year 1986 arises because half of unemployment insurance benefits are taxable under the Federal Income Tax for those with incomes over certain thresholds.

6. Estimated costs to State and local governments: This bill would result in small reductions in State costs because of State cost sharing in the AFDC program. These reductions would total less than $5 million.

7. Estimated comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Richard Hendrix and Linda Radey.

10. Estimate approved by: Charles E. Seagrave for James L. Blum, Assistant Director for Budget Analysis.

## IV. Other Matters Required To Be Discussed Under the Rules of the House

### 1. VOTE OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of the rule XI, the following statement is made: the bill, H.R. 1866, was ordered favorably reported to the House of Representatives by a recorded vote of 36–0.

### 2. OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of the rule XI, the Committee states that the provisions of this bill are consistent with its oversight findings, as discussed in the explanation section of this report.

### 3. OVERSIGHT BY COMMITTEE ON GOVERNMENT OPERATIONS

With respect to clause 2(l)(3)(D) of rule XI, the Committee advises that no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations regarding the subject of this bill.

### 4. INFLATION IMPACT

In compliance with clause 2(l)(4) of rule XI, the Committee states that the enactment of this bill is not expected to have any significant inflationary impact on prices and costs in the operation of the national economy.

## Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## Federal Supplemental Compensation Act of 1982

* * * * * * *

FEDERAL-STATE AGREEMENTS

SEC. 602. (a) * * *

* * * * * * *

(f)(1) * * *

[(2) No] *(2)(A) Except as provided in subparagraph (B), no* Federal supplemental compensation shall be payable to any individual under an agreement entered into under this subtitle for any week beginning after March 31, 1985.

*(B) In the case of any individual who is receiving Federal supplemental compensation for the week which includes March 31, 1985, such compensation shall continue to be payable to such individual in accordance with subsection (e) for any week thereafter, in a period of consecutive weeks for each of which he meets the eligibility requirements of this Act.*

* * * * * * *

DEFINITIONS

SEC. 605. For purposes of this subtitle—

(1) * * *

(2) the term "period of eligibility" means, with respect to any individual, any week which begins on or after September 12, 1982, and begins before April, 1985 *(except as otherwise provided in section 602(f)(2)(B))*; except that an individual shall not have a period of eligibility unless—

(A) his benefit year ends on or after June 1, 1982, or

(B) such individual was entitled to extended compensation for a week which begins on or after June 1, 1982.

* * * * * * *

○